

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 8, 2021

Monroe Street Apartments, located at 2330 Monroe Street in Santa Clara, requested and is being recommended for a reservation of \$1,979,964 in annual federal tax credits to finance the new construction of 64 units of housing serving tenants with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by Freebird Development Company, LLC and will be located in Senate District 10 and Assembly District 25.

The project will be receiving rental assistance in the form of Project-based HAP Contract. The project financing includes state funding from MIP through CalHFA.

Project Number CA-21-727

Project Name Monroe Street Apartments
Site Address: 2330 Monroe Street
Santa Clara CA, 95050 County: Santa Clara
Census Tract: 5053.03

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,979,964	\$0
Recommended:	\$1,979,964	\$0

Applicant Information

Applicant: Monroe Street Housing Partners, LP
Contact: Robin Zimpler
Address: 1111 Broadway, Suite 300
Oakland CA, 94607
Phone: (510) 319-6959
Email: robin@freebirddev.com

General Partner(s) or Principal Owner(s): Freebird Monroe LLC
AHA Norcal MGP, LLC

General Partner Type: Joint Venture

Parent Company(ies): Freebird Development Company, LLC
Affordable Housing Access, Inc.

Developer: Freebird Development Company, LLC

Bond Issuer: CalHFA

Investor/Consultant: Red Stone Equity Partners, LLC

Management Agent: John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 65
 No. / % of Low Income Units: 64 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt / Project-based HAP Contract (8 units - 13%)

Information

Housing Type: Non-Targeted
 Geographic Area: South and West Bay Region
 TCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 16	25%
50% AMI: 32	50%
60% AMI: 8	13%
80% AMI: 8	13%

Unit Mix

7 SRO/Studio Units
23 1-Bedroom Units
29 2-Bedroom Units
6 3-Bedroom Units
<u>65 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
7 SRO/Studio	30%	\$870
5 1 Bedroom	30%	\$932
13 1 Bedroom	50%	\$1,553
3 1 Bedroom	60%	\$1,864
2 1 Bedroom	80%	\$2,125
4 2 Bedrooms	30%	\$1,119
9 2 Bedrooms	50%	\$1,865
8 2 Bedrooms	50%	\$1,865
3 2 Bedrooms	60%	\$2,238
4 2 Bedrooms	80%	\$2,450
2 3 Bedrooms	50%	\$2,154
2 3 Bedrooms	60%	\$2,585
2 3 Bedrooms	80%	\$3,100
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$6,187,500
Construction Costs	\$28,236,607
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,450,455
Soft Cost Contingency	\$372,000
Relocation	\$0
Architectural/Engineering	\$2,103,700
Const. Interest, Perm. Financing	\$2,007,264
Legal Fees	\$225,000
Reserves	\$830,955
Other Costs	\$3,040,087
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$46,953,568

Residential

Construction Cost Per Square Foot:	\$382
Per Unit Cost:	\$722,363
True Cash Per Unit Cost*:	\$642,363

Construction Financing

Source	Amount
Chase - Tax Exempt	\$22,000,000
Chase - Taxable	\$7,609,035
City of Santa Clara SC**	\$5,200,000
City of Santa Clara Gap	\$6,500,000
Deferred Reserves	\$830,955
Deferred Developer Fee	\$1,250,000
Tax Credit Equity	\$3,563,578

Permanent Financing

Source	Amount
CalHFA	\$11,580,000
City of Santa Clara SC**	\$5,200,000
City of Santa Clara Gap	\$6,500,000
County of Santa Clara	\$3,200,000
CalHFA MIP	\$2,655,674
Tax Credit Equity	\$17,817,894
TOTAL	\$46,953,568

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Seller Carryback

Determination of Credit Amount(s)

Requested Eligible Basis:	\$38,076,225
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$49,499,093
Applicable Rate:	4.00%
Maximum Annual Federal Credit:	\$1,979,964
Approved Developer Fee in Project Cost:	\$2,500,000
Approved Developer Fee in Eligible Basis:	\$1,875,000
Investor/Consultant:	Red Stone Equity Partners, LLC
Federal Tax Credit Factor:	\$0.89991

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions:

The proposed rents do not include any utility allowance. The owner will pay for all utilities.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.